



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the Commission), under the authority vested in it by the Political Reform Act (the Act)¹ by Section 83112 of the Government Code proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **October 20, 2016**, at the offices of the Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments should be received at the Commission offices no later than **5:00 p.m.** on **October 18, 2016**.

BACKGROUND/OVERVIEW:

Section 87207(a)(4)

The Political Reform Act requires officials listed in Section 87200 (Sections 87202-87205), candidates for an office specified in Section 87200 (Section 87201), members of boards and commissions of newly created agencies (Section 87302.6), and state and local officials, employees, candidates, and consultants designated in a conflict of interest code (Section 87302(b)), to file statements of economic interest (SEIs) to inform the public of economic interests, including certain gifts, that may potentially influence the filer in the making of governmental decisions.

Prior to the enactment of SB 21 (Stats. 2015, ch. 757), Section 87207(a)(4) required SEI filers, in the case of a gift, to disclose on their SEI the amount of the gift and the date on which it was received. SB 21 amended Section 87207(a)(4) to additionally require the SEI filer, in the case of a gift that is a travel payment, advance, or reimbursement, to disclose the travel destination on his or her SEI.

Section 89506(f)

Section 89503 prohibits certain public officials from accepting gifts from any single source worth more than the annual gift limit, and Regulation 18940.2 sets the annual gift limit at \$460 for the period of January 1, 2015 to December 31, 2016.

Section 89506(a) provides an exemption from the annual gift limit for travel payments, advances, or reimbursements, including actual transportation and related lodging and subsistence, that are reasonably related to a legislative or governmental purpose or to an issue of state, national, or international public policy. Specifically, these payments, advances, or reimbursements are not subject to the annual gift limit if either of the following applies:

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All further statutory references are to the Government Code. The regulations of the Fair Political Practices Commission are contained in sections 18110 through 18997 of Title 2 of the California Code of Regulations (hereafter Regulation).

- The travel is in connection with a speech given by certain public officials or designated employees and the lodging and subsistence expenses are limited to the day immediately preceding, the day of, and the day immediately following the speech, and the travel is within the United States.
- The travel is provided by a government, a governmental agency, a foreign government, a governmental authority, a bona fide public or private educational institution, a 501(c)(3) nonprofit organization, or by a person domiciled outside the United States who substantially satisfies the requirements for tax-exempt status under Internal Revenue Code Section 501(c)(3).

SB 21 amended Section 89506 by adding subdivision (f), requiring a 501(c)(3) or 501(c)(4) nonprofit organization that (1) “regularly organizes and hosts travel for elected officials,” as defined in Section 89506(f)(2), and (2) makes travel payments, advances, or reimbursements that total more than \$10,000 in a calendar year, or more than \$5,000 for a single person in a calendar year, for travel by an elected state officer or local elected officeholder to disclose the names of donors who both (1) donated \$1,000 or more to the organization and (2) accompanied an elected state officer or a local elected officeholder, either personally or through an agent, employee, or representative, for any portion of travel covered by Section 89506(a)’s exemption from the annual gift limit.

REGULATORY ACTION:

Amend 2 Cal. Code Regs. Section 18940:

The proposed amendments to Regulation 18940 would provide additional notice of Section 87207(a)(4)’s new disclosure requirement, requiring an SEI filer, in the case of a gift of travel, to disclose the travel destination, and Section 89506(f)’s new disclosure requirement, requiring certain 501(c)(3) and 501(c)(4) nonprofit organizations that make specified types of travel payments, advances, or reimbursements for travel by an elected state officer or local elected officeholder to disclose the names of certain donors to the organization.

The proposed amendment of Regulation 18940 would also provide direction on how a nonprofit organization required to disclose the names of certain donors pursuant to Section 89506(f) should report those names to the Commission. Proposed Regulation 18940(d)(2) would require such an organization to disclose to the Commission the names of donors that meet the criteria set forth in Section 89506(f)(1)(A) and (B) by April 30 of the following year on a form provided by the Commission (Form 807).

SCOPE:

The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or any related issues.

FISCAL IMPACT STATEMENT:

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

AUTHORITY:

Government Code Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act.

REFERENCE:

The purpose of this regulation is to implement, interpret, and make specific Government Code Sections 87207 and 89506.

CONTACT:

Any inquiries should be made to Matthew F. Christy, Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, CA 95814; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>